

Message Text

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FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 2731

C O N F I D E N T I A L ABIDJAN 2799

E.O. 11652: GDS

TAGS: BEXP, IV

SUBJECT: ISC/LANG AFRIQUE AN GOIC

REF: A) ABIDJAN 2505; B) STATE 69281; C) ABIDJAN 2579; D) ABIDJAN
2584; E) ABIDJAN 2614; F) STATE 72247; G) ABIDJAN 2702

SUMMARY: MINISTER SAWADOGO APPRECIATES LANG'S FINANCIAL PROBLEMS AND IS ANXIOUS TO MOVE FORWARD ON SETTling AT LEAST SOME OF LANG'S CLAIMS WITHOUT WAITING FOR DAVID MORSE'S FACT-FINDING/MEDIATION EFFORT TO BE COMPLETED. HE PROMISES TO PUSH SODESUCRE TO SETTLE. LANG REP DEPARTING ABIDJAN TONIGHT, PROBABLY NOT RETURNING, BUT HAS SUBMITTED DETAILED LIST OF LANG'S CLAIMS TO SAWADOGO. LANG GIVES NO GUARANTY THEY WILL NOT TURN WATER OFF AGAIN IF TACTICALLY USEFUL. ACTION REQUESTED: ENCOURAGE MORSE TO GET HIS FACT-FINDER OUT HERE ASAP; DISCOURAGE ISC/LANG FROM SHUTTING OFF IRRIGATION AGAIN; REASSURE ISC/LANG THAT WE ARE CONTINUING TO REMIND GOIC AT HIGHEST LEVELS OF NEED TO MEET SOME OF LANG'S FINANCIAL REQUIREMENTS; ENCOURAGE ISC/LANG TO HAVE REPRESENTATIVE IN ABIDJAN. END SUMMARY.

1. IN ORDER TO FOLLOW UP ON MARCH 28 AND 29 MEETINGS CHAIRED BY MINAG SAWADOGO (REFS E AND G), AS WELL AS HIS HEATED CALL TO ME OF MARCH 28 (REF D), I HAD APPOINTMENT WITH MINISTER ON APRIL 3. HE WAS HIS USUAL GRACIOUS SELF, APOLOGIZING FOR PHONING ME SO EARLY MARCH 28 AND MOST HOPEFUL THAT HIS INVOLVEMENT WOULD LEAD TO MORE PEACEFUL AND FRUITFUL INTERREGNUM WHILE ALL PARTIES
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AWAITING DAVID MORSE'S FACT-FINDING MISSION. IN VIEW OF PROBABLE

TWO OR THREE MONTHS TO COMPLETE THAT MISSION(NOTE: I SUSPECT IT WILL BE MORE LIKE THREE OR FOUR*), SAWADOGO HOPES THAT LANG CAN MOVE FORWARD WITH WORK TO COMPLETE FERKE REFINERY AND THAT SODESUCRE CAN SEE ITS WAY CLEAR TO APPROVE SOME OF INVOICES SOON SO AS TO EASE FINANCIAL PRESSURE ON LANG.

2. SAWADOGO PATIENTLY CHAIRED AND LISTENED TO LANG'S MARION WRIGHT ON MARCH 29 AS "HUMANITARIAN MOVE", SINCE IT HAD FINALLY BECOME CLEAR TO HIM, FROM MY COMMENTS AND WRIGHT'S, THAT THERE WAS NOT ONLY A SERIOUS FINANCIAL PROBLEM FOR LANG, BUT THAT KIGBAFORY, DIRECTOR-GENERAL OF SODESUCRE, HAD AVOIDED LANG REPRESENTATIVES AND HAD NOT APPROVED NUMEROUS OUTSTANDING INVOICES. SAWADOGO HAD HOPED THAT INVOLVEMENT OF GRACIOUS SODESUCRE PRESIDENT, KACOU AOULOU, WOULD LEAD TO MORE AMICABLE SETTLEMENT OF FINANCIAL PROBLEMS, BUT AGREED WITH ME WHEN I SAID THAT HAD BEEN THE CASE ONLY UNTIL KACOU AND KIGBAFORY MET TOGETHER WITH ISC/LANG REPS (REF A), AT WHICH TIME KIGBAFORY'S RIGID POSITION HAD ONCE AGAIN PREVAILED. SAWADOGO SAID HE WOULD ADMONISH KIGBAFORY TO NEGOTIATE AFTER LATTER RETURNS TO IVORY COAST NEXT WEEK.

3. SAWADOGO REMAINS ANXIOUS TO GET PROBLEMS RESOLVED AND REFINERY COMPLETED. HE WANTS TO MOVE ON TO THE NEXT SUGAR PROJECT AND THOSE BEYOND, AND HE REITERATED HIS DESIRE FOR U.S. INVESTMENT EQUIPMENT AND CONTRACTS FOR SOME OF THESE. HE HOPES TO WORK OUT AN ENGINEERING AND LEGAL ADVISOR CONSULTANT CONTRACT WITH MASI FOR FERKE NUMBER TWO (AND AGREED TO SEE MASI PRESIDENT METZGER AGAIN BEFORE THE LATTER LEAVES ABIDJAN THIS WEEKEND).

4. WITH SAWADOGO'S ENCOURAGEMENT, I AM CALLING PRESIDENT HOUPHOUET-BOIGNY TO FOLLOW UP ON HIS CALL TO ME (REF D) AND EXPRESS MY APPRECIATION FOR SAWADOGO'S ROLE AND HOPE FOR FORWARD MOVEMENT ON WORK AND PAYMENTS WHILE AWAITING RESULTS OF HIGHLY DESIRABLE MORSE FACT-FINDING/MEDIATION EFFORT.

5. MEANWHILE, MARION WRIGHT IS DEPARTING ABIDJAN TONIGHT (PROBABLY FOR GOOD), HAVING COMPLETED AND DELIVERED TO SAWADOGO AND OTHERS A SUMMARY OF LANG'S FINANCIAL CLAIMS ON SODESUCRE. WHEN DEDUCTING SODECURE'S COUNTERCLAIMS ON LANG, THE BALANCE IN LANG'S FAVOR IS OVER \$5.6 MILLION PLUS ALMOST
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\$2 MILLION IN RETENTION PAYMENTS. SAWADOGO HAS SAID HE WILL STUDY THESE CAREFULLY.

6. IT IS NOT CLEAR WHO WILL REPLACE WRIGHT HERE AS LANG REPRESENTATIVE FOR FURTHER NEGOTIATIONS. IT MAY BE RUSSELL CLOUGH, LANG'S PRESIDENT. IVORIANS WILL NOT MISS WRIGHT, WHO HAS BEEN MEAN AND TOUGH NEGOTIATOR. ON OTHER HAND, WE BELIEVE ISC/LANG MAY ALSO BE ANXIOUS TO GET WRIGHT

OUT, SINCE HE MAY HAVE UNCOVERED MANY OF LANG'S OWN ERRORS.

7. WHEN DCM FERRITER AND I HAD THREE-HOUR SESSION WITH WRIGHT ON 29TH, FOLLOWING SECOND SAWADOGO-CHAired MEETING, HE CAREFULLY AND TORTUROUSLY SET FORTH THE FRUSTRATIONS THAT ISC REPRESENTATIVES STEIN AND HOFKER AND HE HAD FACED IN PRECEDING WEEKS OF NEGOTIATIONS WITH SODESUCRE. WE TRIED TO DRAW HIM OUT ON WHETHER HIS HIDDEN INSTRUCTIONS HAD INDEED BEEN TO CLOSE DOWN ALL OF COMPLETED IRRIGATION SYSTEM OR TO DO IT, AS ISC TELEX HAD SAID, "PARCEL-BY-PARCEL". WHILE HE NEVER FULLY ADMITTED IT, WE ARE CONVINCED THAT STEIN HAD IN FACT GIVEN SUCH INSTRUCTIONS.

8. MORE IMPORTANT FOR FUTURE IS THAT WRIGHT TOLD US THAT, WHILE HE HAD TAKEN UNILATERAL DECISION TO REOPEN IRRIGATION SYSTEM ON MARCH 28, THERE WAS NO GUARANTY TO SODESUCRE THAT ISC/LANG WOULD NOT CLOSE IT AGAIN IF TACTICALLY USEFUL. WRIGHT INSISTED THAT THE CONTRACT CLEARLY ALLOWED LANG TO RETAIN POSSESSION OF ANY OR ALL OF SYSTEM AND DO WITH IT AS THEY CHOSE UNTIL SODESUCRE TOOK FORMAL ACCEPTANCE.

9. WHILE THINGS LOOK A LITTLE BRIGHTER FOR THE MOMENT, A FURTHER UNILATERAL CLOSING DOWN OF THE IRRIGATION SYSTEM BY LANG WOULD BRING AN EVEN MORE VIOLENT REACTION FROM GOIC AT HIGHEST LEVELS AND FURTHER HURT THE BAD IMAGE THAT AMERICAN CONTRACTORS HAVE GOTTEN HERE FROM THIS EXPERIENCE.

10. IN MEANTIME, STEIN AND HOFKER TRIED HARD TO SEE KIGBAFORI IN STATES EARLY THIS WEEK, BUT HE EVADED THEM AGAIN AFTER SETTING APPOINTMENT, AND THEN HAD NERVE TO OFFER TO MEET THEM IN MONTREAL OR PARIS, WHICH THEY REFUSED TO DO. THEIR PRESENT POSITION IS THAT THEY WILL MEET HIM ONLY IF ARRANGEMENTS ARE MADE BY A THIRD PARTY (PRESUMABLY DAVID MORSE?).
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11. I APPRECIATE DEPARTMENT'S RELUCTANCE TO GET INTO THE MIDDLE OF THIS SITUATION (REF F), BUT I DO BELIEVE A LITTLE OIL ON TROUBLED WATERS WOULD BE USEFUL: A) ENCOURAGE MORSE TO GET HIS FACT-FINDER OUT HERE AS SOON AS POSSIBLE; B) TELL ISC THAT DEPARTMENT WOULD TAKE A DIM VIEW OF A REPEAT OF THE PRESSURE TACTICS OF SHUTTING OFF THE WHOLE IRRIGATION SYSTEM, BECAUSE OF THE IMPACT ON LANG, ON OTHER U.S. BUSINESS INTERESTS IN IVORY COAST AND ON US/IC RELATIONS; C) ALSO TELL ISC THAT AMBASSADOR HAS CONTINUED TO REMIND GOIC AT HIGHEST LEVELS THAT LANG'S FINANCIAL REQUIREMENTS NEED TO BE DEALT WITH QUICKLY IF JOB ON FERKE ONE IS TO BE COMPLETED; D) EXPRESS HOPE THAT ISC/LANG BE PROPERLY REPRESENTED IN ABIDJAN TO KEEP CHANNEL OPEN TO SAWADOGO, SODECURE AND FACT-FINDER.
SMITH

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